

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6255

BILL NUMBER: HB 1227

NOTE PREPARED: Jan 23, 2003

BILL AMENDED:

SUBJECT: ISTEP test dates.

FIRST AUTHOR: Rep. Smith V

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the ISTEP assessments must be administered during the spring semester. The bill allows a student who did not pass the graduation examination to take the examination during the summer following grade 12, in addition to during each semester following the year in which the student was initially tested, until the student achieves a passing grade.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) *Summary:* Under the bill, the Department of Education would be required to administer ISTEP+ examinations during the spring instead of the fall (grades 3, 6, 8, and 10). In addition, the Department would be required to administer an additional graduation examination retake during the summer. The impact to state expenditures would be dependant upon whether the Department could use developed test questions and whether an additional development and piloting phase for a spring examination would be required.

The Department could require administrative expenses with regard to the development and piloting of new ISTEP+ assessments for Grades 3, 6, 8, and 10 if new questions need to be developed. Current assessments are based on proficiencies from the preceding grades (e.g., 2, 5, 7, and 9). New assessments given in spring would need to be based on current grade proficiencies. The development of a new test typically involves the following determinations when establishing alignment with a set of state standards: (1) the number of questions; (2) the length of each question; (3) cutoff scores; and (4) test validity and reliability.

The funds and resources required above could be supplied through a variety of sources. Ultimately, the source of funds and resources required to satisfy the requirements of this bill would depend upon legislative

and administrative actions.

Background: If additional test question development and piloting were required, CTB McGraw-Hill, the current vendor of the ISTEP examination, estimates the impact to be \$3.3 M in FY 2004 and \$2.7 M in FY 2005. The impact to state expenditures would be short-term (approximately two fiscal years) and would not be ongoing. Additionally, Indiana is estimated to receive approximately \$7.6 M in CY2003 under the Federal No Child Left Behind Act for grades 3-10 testing, a portion of which could help offset the costs associated with this proposal.

For FY 2003, \$40,174,677 were appropriated from the state General Fund and state dedicated funds for ISTEP+ testing and remediation (Grades 3, 6, 8, and 10). Of this amount, approximately \$19 M were distributed to eligible school corporations for preventative and regular remediation and approximately \$20 M were distributed for test development and administration.

ISTEP Background: ISTEP+ is Indiana's statewide student assessment program which is currently given in Grades 3, 6, 8, and 10. ISTEP+ includes both norm- and criterion-referenced components, is administered in the fall, and is based upon proficiencies from the previous year. The norm-referenced component of ISTEP+ compares a student's performance to the performance of a statistically representative sampling of U.S. students. The criterion component of ISTEP+ (which includes English/Language Arts and Mathematics subject areas) measures student performance against the Indiana Academic Standard (an expectation of student achievement developed by the State Standards Task Force).

Beginning with the graduating class of the 1999-2000 school year, students who expected to graduate with a diploma were required to either: (1) complete all high school graduation credit requirements in addition to receiving a score at or above the Indiana Academic Standard on the examination; (2) successfully complete all components of the CORE 40 curriculum; or (3) successfully appeal the examination test results in accordance with current law. A student who does not receive a score at or above the Indiana Academic Standard may retake the examination during each semester of each grade following the grade in which the student is initially tested.

Through the spring of 2001 testing session, approximately 83% of the 2000-2001 and approximately 75% of the 2001-2002 graduating class received a score at or above the Indiana Academic Standard on the examination.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: Department of Education.

Local Agencies Affected: School corporations.

Information Sources: CTB McGraw-Hill; State of Indiana, *List of Appropriations* (July 1, 2001, to June 30, 2003); Wes Bruce, Department of Education; Department of Education Internet site: <http://ideanet.doe.state.in.us>.

Fiscal Analyst: Chris Baker, 317-232-9851